

~~CONFIDENTIAL~~

DDI Chrono

25X1

DDI #2919-85  
13 June 1985

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM : Deputy Director for Intelligence

SUBJECT : Report of the Rowen Panel on CIA Analysis on  
the Soviet Economy [redacted]

25X1

1. In response to concerns expressed by Harry Rowen, Andy Marshall and others that perhaps CIA was significantly overstating the performance of the Soviet economy and had done so for years, I established a special panel chaired by Harry Rowen to investigate this premise. The panel has completed its report, [redacted]

25X1

2. As I have indicated to you informally, the panel came to conclusions on important issues nearly diametrically opposed to the conclusions of the PFIAB sponsored investigation of CIA's work on the economy two years ago. The PFIAB group in fact reported that CIA, if anything, had been too pessimistic about the Soviet economy. Both in terms of numbers of experts involved in the investigation and the thoroughness of the research, the PFIAB report strikes me as clearly a more professional piece of work. [redacted]

25X1

3. Indeed, the Rowen panel members were themselves unable to prepare a credible "downside case" as the hypothesis for their study; the case that you find in their report was drafted by [redacted] of SOVA. In short, we end up being able to do a more effective and persuasive critique of our own work than the critics. [redacted]

25X1

25X1

25X1

25X1

4. I'm not inclined to give much weight to the conclusions of the panel. I believe the effort was worth undertaking to demonstrate our openness to review by a group with a critical hypothesis and also because the panel did offer some suggestions and observations that are well worth bearing in mind at a time when we are trying to make some changes in our analysis of the Soviet economy. For example, it's useful to have analysts reminded of the potential for falsification of Soviet statistics and the inherent bureaucratic tendencies to inflate reporting of performance from the lowest level on up. [redacted]

25X1

~~CONFIDENTIAL~~

25X1

25X1

CONFIDENTIAL

25X1

5. In addition, the panel conducted some very useful interviews with businessmen, emigres and foreign service officers who have spent time in the Soviet Union recently. This is one area in which we probably could do more; the panel has established some useful contacts to continue that process and underscored the value of expanding it. [redacted]

25X1

6. Thus, while we don't find a number of the conclusions of the panel particularly persuasive, they have given us some important reminders and ideas. [redacted]

25X1

[redacted] I have a notebook containing the reports on the interviews of people who have been working in the Soviet Union if either of you is interested in skimming through it. [redacted]

25X1

25X1

  
Robert M. Gates

25X1

CONFIDENTIAL

25X1

**CONFIDENTIAL**

25X1

DDI #02919-85  
13 June 1985

SUBJECT: Report of the Rowen Panel on CIA Analysis on  
the Soviet Economy

25X1

DDI/RMGates/de

DISTRIBUTION:

- 0 - DCI/DDCI
- 1 - ER
- 1 - D/SOVA, wo/atts
- 1 - DDI Registry, wo/atts
- 1 - DDI Chrono, wo/atts
- 1 - DDI Subject File

25X1

25X1

**CONFIDENTIAL**

25X1